

If you got an income tax refund loan from April 8, 1994 to December 31, 1996, you could get a payment from a class action settlement.

A federal court authorized this notice. This is not a solicitation from a lawyer.

- A settlement has been proposed in a class action lawsuit about whether H&R Block and Beneficial National Bank made misrepresentations and charged people undisclosed fees on tax refund anticipation loans (“RALs”).
- The settlement ensures that at least \$30,000,000 will be available to pay to people who received RALs from Beneficial through an H&R Block office from April 8, 1994 to December 31, 1996 (but didn't also get one in 1997, 1998 or 1999), and who submit valid claim forms.
- Your legal rights are affected whether you act or don't act, so please read this notice carefully.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:	
SUBMIT A CLAIM	The only way to get a payment.
EXCLUDE YOURSELF	This is the only option that allows you to be part of any other lawsuit against the Defendants in the lawsuit about the legal claims in this case.
OBJECT	Write to the Court about why you don't like the settlement.
GO TO A HEARING	Ask to speak in Court about the settlement.
DO NOTHING	Give up rights to be part of any other lawsuit against the Defendants about the legal claims in this case.

- These rights and options—**and the deadlines to exercise them**—are explained in this notice.
- The Court in charge of this case still has to decide whether to approve the settlement. Payments will be made if the Court approves the settlement and after any appeals are resolved. Please be patient.

QUESTIONS? CALL TOLL-FREE 1-866-686-8670 OR VISIT www.RALSUIT.COM
PARA UNA NOTIFICACIÓN EN ESPAÑOL, VISITE NUESTRO SITIO DE INTERNET.

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BASIC INFORMATION

1. Why was this notice issued?

A Court authorized this notice because you have a right to know about a proposed settlement of this class action lawsuit and about all of your options, before the Court decides whether to give “final approval” to the settlement. This notice explains the lawsuit, the settlement, and your legal rights.

Judge Elaine Bucklo, of the United States District Court for the Northern District of Illinois, is currently overseeing this case. The case had been established, i.e., “certified,” as a class action and is known as *Carnegie v. Household International, Inc.*, No. 98-C-2178. The people who sued are called the Plaintiffs. The companies they sued, H&R Block, Inc., H&R Block Services, Inc., H&R Block Tax Services, Inc., H&R Block Eastern Tax Services, Inc., Block Financial Corp., HRB Royalty, Inc., Beneficial National Bank, Beneficial Tax Masters Inc., Beneficial Franchise Company, Inc., and Household International, Inc., are called the “Defendants.”

2. What is the lawsuit about?

The lawsuit says the Defendants violated the Federal Racketeer Influenced and Corrupt Organizations Act, known as “RICO,” by making misrepresentations concerning the RALs, and by failing to disclose fees for each RAL. The lawsuit also complains that Beneficial National Bank allegedly breached part of the RAL contract. The Defendants deny these allegations and assert that they complied with all laws in connection with RALs. The Court has not decided whether the Class or the Defendants are right.

3. What is a refund anticipation loan (“RAL”)?

Refund anticipation loans are short-term cash advances against a customer’s expected income tax refund and usually carry high interest rates.

4. Why is this a class action?

In a class action one or more people called “Class Representatives” (in this case, Lynne Carnegie) sue on behalf of people who have similar claims. All of these people are a “Class” or “Class members.” One court resolves the issues for all Class members, except for those who exclude themselves from the Class.

5. Why is there a settlement?

Both sides agreed to a settlement to avoid the cost and risk of a trial. The settlement does not mean that any law was broken, and the Court did not decide which side was right. The Defendants deny all of the legal claims in this case. The Class Representative and the lawyers representing her think the settlement is best for all Class members.

WHO IS IN THE SETTLEMENT?

To see if you are affected or if you can get money, you first have to decide whether you are a Class member.

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6. How do I know if I am part of the settlement?

Judge Bucklo decided that everyone who fits the following description is a Class member: All persons who received a RAL (sometimes referred to as "Rapid Refund") from Beneficial National Bank through any H&R Block office anytime between April 8, 1994 and December 31, 1996.

7. Are there exceptions to being included?

Excluded from the Class are the following:

- Anyone, who for the first time, received a RAL from H&R Block, Beneficial or Household Bank after December 31, 1996;
- Anyone who, received a RAL from Beneficial or Household Bank through any H&R Block office between April 8, 1994 and December 31, 1996, and also received a RAL in 1997, 1998, and 1999;
- Anyone who asked to be excluded from the *Zawikowski v. Beneficial National Bank* case;
- Customers of Jackson Hewitt, Inc. who only received a RAL from Beneficial National Bank from December 11, 1992 through December 31, 1995; and
- Anyone who is a member of the *Peterson* class (See Question 8 below).

8. Who is part of the *Peterson* Class?

An Illinois court approved a class action settlement in 2003 in *Peterson v. H&R Block Tax Services, Inc.* (No. 96 C 6647). You were part of the *Peterson* class action settlement if you were an Illinois resident who (1) claimed an Earned Income Tax Credit on your 1994 Tax Year federal income tax return, and (2) also obtained a RAL through an "H&R Block" office in Illinois in 1995.

9. Help me understand whether I am included.

Class membership is not complicated. If you received a RAL from Beneficial National Bank through an H&R Block office between April 8, 1994 and December 31, 1996 please answer this series of questions to see if you are a Class member:

Question	Yes	No
Did you also have a RAL from H&R Block, Beneficial, or Household Bank in 1997, 1998, or 1999?	You are not a Class member.	Continue.
Did you exclude yourself from the <i>Zawikowski</i> settlement?	You are not a Class member.	Continue.
Were you a customer of Jackson Hewitt and did you only receive a RAL from Beneficial National Bank between December 11, 1992 and December 31, 1995?	You are not a Class member.	Continue.
Are you a member of the <i>Peterson</i> class?	You are not a Class member.	You are a Class member.

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As long as you say no to all four questions above, you are a Class member.

10. I'm still not sure if I'm included in the settlement.

If you are not sure whether you are included in the Class, you may call 1-866-686-8670 with questions or visit www.RALSuit.com. You may also write with questions to RAL Settlement, PO Box 3656, Portland, OR 97208.

THE SETTLEMENT BENEFITS—WHAT YOU GET

11. What does the settlement provide?

A total of \$39 million will be paid by the Defendants to resolve the lawsuit. At least \$30 million of that money will be available to pay Class members who submit valid claim forms. Here's how it works:

First, \$2 million will be set aside to pay for notice and settlement administration. \$37 million goes into the settlement fund. Interest or earnings earned on all the money for the first six months will be added to the settlement fund. Any interest earned after six months will go to the Defendants. If notice and administration costs are more than \$2 million, the Defendants will pay up to \$500,000 more. If those costs are more than \$2.5 million, the lawyers for the Class will pay the extra from any fees and expenses the Court awards them from the fund (see question 21).

More details are in a document called the [Settlement Agreement](#) which is available at www.RALSuit.com.

12. How much will my payment be?

The \$30 million minimum net fund will be divided equally among all the RALs that had been received by Class members who submit valid claim forms, except that there is a minimum and maximum: You'll get at least \$15 per RAL and possibly up to \$125 for each RAL. If all 1.7 million eligible people submit valid claim forms, everyone will get the \$15 minimum for each RAL. However, if some percentage of eligible people submit a claim form, as normally occurs, your payment will be higher. If all the claims received represent 240,000 RALs or less, then your share would be the \$125 maximum for each RAL. If claims for more than 240,000 RALs are received, everyone's per RAL share will decrease by the same proportion.

13. What am I giving up as part of the settlement?

If the settlement becomes final, Class members will be releasing the Defendants and all related people and entities for all the claims described and identified in paragraph V of the [Settlement Agreement](#). The Settlement Agreement is available at www.RALSuit.com. The Settlement Agreement describes the released claims with specific descriptions, in necessarily accurate legal terminology, so read it carefully. You can talk to the law firms listed in question 20 for free or you can, of course, talk to your own lawyer if you have questions about the released claims or what they mean.

HOW TO GET A PAYMENT—SUBMITTING A CLAIM FORM

14. How can I get a payment?

To ask for a payment, you must complete and submit a [claim form](#). You can get a claim form by calling 1-866-686-8670 or go to www.RALsuit.com and fill out and submit one online. The claim form describes what you must provide to prove your claim and receive a payment. Please read the instructions carefully, fill out the claim form and mail it postmarked by the later of **October 2, 2006** or 60 days after the Court grants “final approval” to the settlement, to:

RAL Settlement
PO Box 3656
Portland, OR 97208

15. What if I submitted a claim in other cases involving RALs?

You may have received a notice in 2000 about a settlement in the related *Zawikowski v. Beneficial National Bank* case. Although that settlement was not approved, if you submitted a claim form in the *Zawikowski* case, and it was not rejected, you do not need to submit another claim form. Your previous claim form will be valid for RALs obtained from April 8, 1994 through December 31, 1996. If you are not sure whether your *Zawikowski* claim form was rejected, or whether you filled one out at all, just submit another now.

If you saw another notice recently about a settlement of H&R Block RAL lawsuits from a West Virginia court, and you submitted a claim form there, you may also submit a claim form if you are eligible in this settlement, so you could get a payment from both settlements.

16. When will I get my payment?

Payments will be mailed to Class members who send in valid claim forms on time, after the Court grants “final approval” of the settlement, and any appeals are resolved. If Judge Bucklo approves the settlement after a hearing on **August 2, 2006** (See the section “The Court’s Fairness Hearing” below), there may be appeals. Resolving these appeals can take time. Please be patient.

EXCLUDING YOURSELF FROM THE SETTLEMENT

If you want to keep the right to sue or continue to sue the Defendants over the legal issues in this case, then you must take steps to get out of this settlement. This is called asking to be excluded from—sometimes called “opting out” of—the Class.

17. If I exclude myself, can I get anything from this settlement?

No. If you exclude yourself, you will not get anything from the settlement. If you ask to be excluded, you will not get a payment, and you cannot object to the settlement. But you may sue, continue to sue, or be part of a different lawsuit against the Defendants in the future. You will not be bound by anything that happens in this lawsuit.

18. If I don't exclude myself, can I sue later?

No. Unless you exclude yourself, you give up the right to sue the Defendants for the claims that this settlement resolves. You must exclude yourself from *this* Class to start or continue your own lawsuit.

19. How do I get out of the settlement?

To exclude yourself from the settlement, you must send a letter by mail saying that you want to be excluded from *Carnegie v. Household International, Inc.* Be sure to include your name, address, telephone number, social security number and your signature. You can't ask to be excluded on the phone or at the website. You must mail your exclusion request postmarked by **July 5, 2006** to:

RAL Exclusions
PO Box 3207
Portland, OR 97208-3207

THE LAWYERS REPRESENTING YOU

20. Do I have a lawyer in the case?

The Court has appointed these law firms to represent you and other Class members as "Class Counsel": Steven Angstreich of Levy, Angstreich, Finney, Baldante, Rubenstein & Coren, P.C. of Philadelphia, PA, and Roger Kirby of Kirby McInerney & Squire, LLP of New York, NY are Co-Lead Class Counsel. Michael Hyman of Much Shelist Freed Denenberg Ament & Rubenstein, P.C. of Chicago, IL, and Ronald Futterman of Futterman & Howard, Chtd. of Chicago, IL, are Co-Liaison Class Counsel. You will not be charged for these lawyers. If you want to be represented by another lawyer, you may hire one to appear in Court for you at your own expense.

21. How will the lawyers be paid?

Class Counsel will ask the Court for attorneys' fees, reimbursement of costs and expenses, to be paid from the remaining settlement fund, which includes interest and earnings, after \$30 million of the settlement fund is paid to the Class or to charity, as described below. Class Counsel will also ask for a payment of \$7,500 for the Class Representative, Lynne Carnegie, who helped the lawyers on behalf of the whole Class. If, despite best efforts, the number of RALs on valid claim forms that are submitted multiplied by the maximum \$125 payment leaves extra money in the net settlement fund after paying all valid claims, Class Counsel will ask the Court to give any remaining money to charity.

OBJECTING TO THE SETTLEMENT

You can tell the Court if you don't agree with the settlement or some part of it.

22. How do I tell the Court if I don't like the settlement?

You can object to the settlement if you don't like some part of it. You must give reasons why you think the Court should not approve it. To object, send a letter saying that you object to *Carnegie v. Household International, Inc.* and mention the case number (98-C-2178). Be sure to include your name, address,

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telephone number, social security number, your signature, and the reasons why you object to the settlement. Mail the objection to these four different places postmarked no later than **July 5, 2006**:

CLASS COUNSEL	DEFENSE COUNSEL
Steven E. Angstreich, Esq. Levy, Angstreich, Finney, Baldante, Rubenstein & Coren 1616 W. Walnut St., 5 th Floor Philadelphia, PA 19103	Matthew M. Neumeier, Esq. Jenner & Block, LLP One IBM Plaza 330 N. Wabash Chicago, IL 60611
Peter S. Linden, Esq. Kirby, McInerney & Squire, LLC 830 Third Avenue 10th Floor New York, NY 10022	T. Robert Scarborough, Esq., Sidley Austin LLP One S. Dearborn Street Chicago, IL 60603

23. What's the difference between objecting and excluding?

Objecting is simply telling the Court that you don't like something about the settlement. You can object only if you stay in the Class. Excluding yourself is telling the Court that you don't want to be part of the Class. If you exclude yourself, you have no basis to object because the case no longer affects you.

THE COURT'S FAIRNESS HEARING

The Court will hold a hearing to decide whether to approve the settlement. If you have filed an objection on time you may attend and you may ask to speak, but you don't have to.

24. When and where will the Court decide whether to approve the settlement?

The Court will hold a Fairness Hearing at 2:30 p.m. on Wednesday, **August 2, 2006**, at the United States District Court for the Northern District of Illinois, 219 S. Dearborn Street, Chicago, Illinois. At this hearing the Court will consider whether the settlement is fair, reasonable, and adequate. If there are objections, the Court will consider them. Judge Bucklo will only listen to people who have asked to speak at the hearing (See Question 26). The Court will also consider how much to pay the lawyers representing Class members. After the hearing, the Court will decide whether to approve the settlement. We do not know how long these decisions will take.

25. Do I have to come to the hearing?

No. Class Counsel will answer any questions Judge Bucklo may have. But, you are welcome to come at your own expense. If you send an objection, you don't have to come to Court to talk about it. As long as you mailed your written objection on time, the Court will consider it. You may also pay another lawyer to attend, but it's not required.

26. May I speak at the hearing?

You may ask the Court for permission to speak at the Fairness Hearing. To do so, you must send a letter saying that it is your "Notice of Intent to Appear in *Carnegie v. Household International, Inc.*" Be sure to

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include your name, address, telephone number, and your signature. Your Notice of Intent to Appear must be postmarked no later than **July 5, 2006**, and be sent to the addresses listed in Question 22. You cannot speak at the hearing if you excluded yourself from the Class.

GETTING MORE INFORMATION

27. How do I get more information?

This notice summarizes the proposed settlement. More details are in a [Settlement Agreement](#). You can get a copy of the Settlement Agreement at www.RALSUIT.COM. You may also write with questions to RAL Settlement, PO Box 3656, Portland, OR 97208. You can get a claim form by [clicking here](#) if you are viewing this at the website, or by calling the toll free number, 1-866-686-8670.